

Message Text

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12/43

ACTION NEA-12

INFO OCT-01 ADP-00 SS-15 EB-11 INR-10 L-03 ABF-01 RSR-01

RSC-01 /055 W

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P 300950Z AUG 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6477

C O N F I D E N T I A L NEW DELHI 10099

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C O R R E C T E D C O P Y F O R M R N O N L Y, V I C E 0099

FOR ACTING ASSISTANT SECRETARY DAVIES

E.O. 11652: GDS

TAGS: EFIN, IN

SUBJECT: RUPEE NEGOTIATIONS

1. AS YOU HAVE SEEN FROM OUR REPORTING AND THE DRAFT AGREEMENT WE HAVE TO THE INDIANS, WE ARE BASING OUR APPROACH ON A DISTINCTION BETWEEN PL-480 AND NON-PL-480 RUPEES, WITH THE USG RETAINING ONLY THE LATTER.

THIS ASSUMES THAT WE GET SATISFACTION ON ALL THE MAJOR POINTS OF INTEREST TO US, SUCH AS FREE USG USES, AID TO NEPAL, NOV, ETC. WHILE THE NUMBERS ARE FAR FROM FIRM, THIS WOULD RESULT IN A USG RETENTION OF SOMEWHAT IN EXCESS OF \$1 BILLION, WHICH IS IN LINE WITH OUR NEGOTIATING INSTRUCTION.

2. WE HAVE RECENTLY BECOME AWARE THAT THE APPROACH WE ARE USING MIGHT CAUSE SOME TRANSITION PROBLEMS FOR FBO, LIBRARY OF CONGRESS, CERTAIN HEW PROJECTS AND THE DEPARTMENT OF THE INTERIOR SINCE THESE ORGANIZATIONS DO NOT HAVE BASIC AUTHORITY TO USE NON-PL-480 RUPEES. WE CERTAINLY DO NOT WANT TO CAUSE ANY DISRUPTION FOR THESE PROGRAMS WHILE THEY GET AUTHORITY TO SHIFT TO NON-PL-480 RUPEES AND ARE CURRENTLY CONSIDERING METHODS TO AVOID DOING SO WHILE MAINTAINING THE BASIC
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STRUCTURE OUTLINED ABOVE.

WE NEED TO KNOW WHETHER THERE ARE ANY OTHER AGENCIES THAT WOULD SUFFER TRANSITIONAL PROBLEMS DUE TO THEIR LACK OF AUTHORITY TO USE NON-PL-480 FUNDS. IF THERE ARE ANY OTHER AGENCIES WITH SIMILAR PROBLEMS, WE NEED TO KNOW HOW MUCH FUNDS THEY UTILIZED IN RECENT YEARS. WOULD SPECIFICALLY LIKE ASSURANCE THAT USIS AND ARS PROGRAMS WOULD NOT BE AFFECTED BY SWITCH TO NON-PL-480 FUNDS.

3. WOULD APPRECIATE CLARIFICATION WHETHER AGENCIES NOT PRESENTLY HAVING AUTHORITY TO USE NON-PL-480 RUPEES REQUIRE ONLY EMBAPPROVAL OR WHETHER CONGRESSIONAL ACTION REQUIRED AS WELL. WOULD NON-PL-480 APPROPRIATIONS BE MADE IN RUPEES (I.E.,SFCF) AND/OR IN DOLLARS.
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